

Navy

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From: Director of Naval Intelligence
To: Director of Central Intelligence

Subj: Economic intelligence

Ref: (a) CIA Memorandum on subject dated 6 July 1950

Encl: (1) Brief on Navy's position in regard to economic intelligence

1. Reference (a) required a study from ONI on the Navy's economic intelligence needs. A conference of representatives of interested agencies held on 12 July clarified and modified reference (a) to the extent that a brief would be acceptable as an interim measure.

2. Enclosure (1) is submitted in compliance.

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By direction

Orig by Cdr W J Bettons, 322H2, 72058, 25 July 1950 - J Chandler

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ECONOMIC INTELLIGENCE

A. NAVAL REQUIREMENTS

1. Naval requirements for economic intelligence are all inclusive. This is to say that since the Navy must be informed on the capabilities of foreign nations, it may not delimit itself from a need for all categories of economic intelligence since the latter inevitably affect capability. Actually, this need generally is very remote and indirect; only in specific and intermittent situations does it become direct and pressing.

2. The need of the Navy for economic intelligence is substantiated in the National Security Council Intelligence Directives Two and Three which provide that each agency has an interest in economic intelligence in accordance with its respective needs.

3. In order to delimit Naval requirements more positively, the following categories of economic intelligence are set forth together with commentary.

- a. Economic organization - general only
- b. Manpower and population - specifically naval personnel, availability of seafaring men, marine artificers, shipyard workers
- c. Food and agriculture - general only
- d. Fish and fish products - specifically the fishing industry since this is a maritime enterprise
- e. Forests and forest products - general only
- f. Mining and mineral industries - specifically the metals and other materials which make up the shipbuilding potential
- g. Fuels - bunker oil, aviation gas, motor fuel, lubricants
- h. Electric power - general only except in connection with port facilities
- i. Manufacturing - general only except in the matter of shipbuilding
- j. Transportation systems - general except detailed in the matter of port facilities
- k. Telecommunication systems - general only
- l. International trade and finance - general only
- m. Currency and banking - general only
- n. Government finance - the naval budget which, of course, is of intense interest

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o. National wealth and income -- general only

p. General economic indices -- general only

4. The National Intelligence Survey contains under Chapter 6 a breakdown of the categories of economic intelligence to which naval interest may be applied as in the foregoing paragraph.

B. FACILITIES AND ARRANGEMENTS

1. Inasmuch as the Navy is an end-user only of economic intelligence, its intelligence organization is geared accordingly. The Navy is a recipient of finished studies of economic nature from other agencies and its participation in this type of intelligence is largely limited to review and comment.

2. An exception is SHIPBUILDING which is the one category of economic intelligence which the National Intelligence Survey Outline has assigned as Naval responsibility for collection and production. The intelligence components in the Navy are staffed and otherwise organized to undertake this responsibility.

3. Another possible exception is the collection and production of intelligence on port facilities. This is another Naval responsibility under the NIS Outline and involves as a collateral certain economic intelligence of many types such as manufactures, fuels, metals, and items of like nature.

C. ADEQUACY

1. Limited Naval requirements for economic intelligence are adequately encompassed by the finished intelligence furnished by other agencies.

2. The present scope of the Naval Intelligence organization precludes embarkation on any more elaborate or intensive development of economic intelligence except in recognized spheres of influence as shipbuilding and port facilities.

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